GOVERNMENT OF TELANGANA

A B S T R A C T

Public works – Works Contracts – Acceptance of Insurance Surety Bonds as additional instrument for Earnest Money Deposit (EMD) and Performance Security with amendment to Article 129 & 279 of Telangana Financial Code – Orders – Issued.

FINANCE (TFR) DEPARTMENT

G.O.Ms.No.30 Dated: 28-03-2026.

Read the following:

1. G.O.Ms.No.94, I&CAD (PW Reforms) Department, dated: 01.07.2003.
2. G.O.Ms.No.142, I&CAD (PW Reforms) Department, dated: 20.12.2004.
3. G.O.Ms.No.14, IT,E&C (eProc) Dept., dated:18.09.2017.
4. G.O.Ms.No.15, IT,E&C (eProc) Dept., dated: 29.09.2017.
5. Office Memorandum No.F.1/1/2022-PPD, Government of India, Ministry of Finance, Department of Expenditure, dated: 02.02.2022.
6. Office Memorandum No.F.No. eR-13011/02/2019-Ins.II(Part-I), Government of India, Ministry of Finance, Department of Financial Services, dated: 24.09.2024.
7. BoCE recommendations vide minutes dated: 24.09.2025.

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ORDER:

Article 129(a) read with Article 279 of the Telangana Financial Code and Para 157 of the PWD Code prescribe the forms of security to be furnished by contractors entering into agreements with the Government, which inter alia include Cash Deposits, Deposit Receipts of scheduled banks and Bank Guarantees.

2. In the G.O. 1st cited, as part of the reforms in the works contract system, bidders were allowed to submit the Bank Guarantee for the purpose of Earnest Money Deposit (EMD) and Performance Security. And, vide G.O. 2nd cited, Bank Guarantees are made applicable for works costing more than ₹50.00 lakhs. Further, in the G.Os 3rd & 4th cited, electronic modes of payment for EMD were enabled through the e-Procurement platform.

3. Government of India, in the Office Memorandum 5th cited, has amended Rule 170(i) and Rule 171(i) of the General Financial Rules, 2017, to include Insurance Surety Bonds (ISBs) as acceptable instrument for Bid Security and Performance Security, and vide Office Memorandum 6th cited, has issued instructions to adopt and promote Insurance surety bonds in projects.

4. Government, after careful examination of the matter, by taking into account of the recommendations of the Board of Chief Engineers (BoCE) and with a view to facilitate ease of doing business, to improve liquidity for contractors and enhance competition in public procurement, hereby permit acceptance of Insurance Surety Bonds (ISBs), issued as per IRDAI guidelines, as an additional instrument, on par with Bank Guarantees, for the purposes of (i) Bid Security/ Earnest Money Deposit (EMD) and (ii) Performance Security in works contracts.

5. Accordingly, Articles 129 & 279 of the Telangana Financial Code shall stand modified to the above extent.

P.T.O

6. The acceptance of Insurance Surety Bonds shall be subject to the conditions that such bonds are issued only by IRDAI-registered insurers authorized to issue surety insurance products and are unconditional, irrevocable and payable on demand, and enforceable like Bank Guarantees. The verification of authenticity, invocation and claim settlement shall be done with due diligence by the concerned Department to protect Government interests.

7. These orders shall apply prospectively to all tenders/works notified after the date of issue of this G.O. and shall not apply to ongoing or already concluded contracts.

8. All departments are requested to amend the relevant provisions in the Departmental Codes/Manuals, update Standard Bidding Documents (SBDs), and incorporate necessary provisions relating to Insurance Surety Bonds, following due procedure as per the Business Rules.

9. The Engineer-in-Chief (I&CAD Department) shall formulate and finalize standard format/template for Insurance Surety Bonds, prescribe model bid conditions and contractual clauses, for uniform adoption across all Works Departments.

10. The Managing Director, Telangana State Technology Services (TGTS), and the concerned authorities shall make necessary provisions in the e-Procurement platform, and IFMIS Works Modules respectively.

11. This Government Order is available on Internet and can be accessed at the address http://goir.telangana.gov.in

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

SANDEEP KUMAR SULTANIA
PRINCIPAL SECRETARY TO GOVERNMENT

To
All Departments of Dr. B.R. Ambedkar Telangana Secretariat, Hyderabad.
The Director of Treasuries and Accounts, Telangana, Hyderabad.
The Director of Works Accounts, Telangana, Hyderabad.
The Pay and Accounts Officer, Telangana, Hyderabad.
The Director of State Audit, Telangana, Hyderabad.

Copy to:
PS to Principal Secretary to Hon'ble Chief Minister, Government of Telangana.
OSD to Hon'ble Deputy Chief Minister, Government of Telangana.
O.S.D to Chief Secretary to Government, Telangana.
PSs to the PFS/Secretary/Special Secretaries to Government, Finance Department, Telangana.
The Principal Accountant General (A&E), Telangana, Hyderabad.
The Principal Accountant General (Audit), Telangana, Hyderabad.
All the Sections of the Finance Department.
SF/SCs

//FORWARDED:BY ORDER//

SECTION OFFICER